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LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

**LOUISIANA PRIMARY CARE ASSOCIATION, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

YEAR ENDED MARCH 31, 2014

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 15 2014

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

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March 31, 2014

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LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Louisiana Primary Care Association, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Louisiana Primary Care Association, Inc. (the Association) (a nonprofit organization), which comprise the statement of financial position as of March 31, 2014 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of March 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2014, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.



Luther Speight & Company CPAs

Baton Rouge, Louisiana
September 23, 2014

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSISTION

For the years ended March 31, 2014

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,478,246
Grants & Other Receivables	165,558
Prepaid expenses	17,260
Deposits	12,500
Total current assests	<u>1,673,564</u>

Property and Equipment, net	43,042
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Other Assets:

Restricted cash	2,086,822
Restricted notes receivable	3,934,167
Total other assets	<u>6,020,989</u>

Total assets	<u><u>\$ 7,737,595</u></u>
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LIABILITIES

Accounts payable	\$ 151,981
Accrued liabilities	10,638
Total liabilities	<u>162,619</u>

NET ASSETS

Unrestricted	1,226,027
Temporarily restricted	6,348,949
Total net assets	<u>7,574,976</u>
Total Liabilities and Net Assets	<u><u>\$ 7,737,595</u></u>

The accompanying notes are an integral part of this financial statement

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
 Baton Rouge, Louisiana
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 For the years ended March 31, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Grants	\$ 1,439,100	\$ 176,883	\$ 1,615,983
Member dues	127,900	-	127,900
Conferences	180,054	-	180,054
Interest	1,099	38,258	39,357
Contract Fees	197,702	-	197,702
Changes in net asset restrictions :			
Released from restrictions	2,703,108	(2,703,108)	-
Total revenues and support	4,648,963	(2,487,967)	2,160,996
EXPENSES			
Supporting services	4,111,936	-	4,111,936
Management and general	373,596	-	373,596
Total expenses	4,485,532	-	4,485,532
Increase (decrease) in net assets	163,431	(2,487,967)	(2,324,536)
NET ASSETS			
Beginning of year	1,062,596	8,836,916	9,899,512
End of year	\$ 1,226,027	\$ 6,348,949	\$ 7,574,976

The accompanying notes are an integral part of this financial statement

LOUISIANA PRIMARY CARE ASSOCIATION, INC

Baton Rouge, Louisiana

Schedule of Functional Expenses

For the year ended March 31, 2014

	<u>Supporting Services</u>					
	<u>LPCA Programs</u>	<u>Community Health Corps</u>	<u>Facility Expansion Initiative</u>	<u>Total Support Services</u>	<u>Management & General</u>	<u>2014 Totals</u>
Grants to members	\$ -	\$ -	\$ 2,488,471	\$ 2,488,471	\$ -	\$ 2,488,471
Salaries	465,113	92,070	-	557,183	15,342	572,525
Contracted services	600,032	-	16,822	616,854	121,283	738,137
Advertising	13,298	-	-	13,298	535	13,833
Conferences and staff development	98,394	26,860	-	125,254	101,946	227,200
Accounting and legal services	59,008	-	7,010	66,018	58,079	124,097
Fringe benefits	53,229	11,027	-	64,256	4,029	68,285
Travel	44,754	5,880	-	50,634	6,424	57,058
Facility lease	35,801	583	-	36,384	4,628	41,012
Payroll taxes	36,025	4,975	-	41,000	1,262	42,262
Telephone and online	4,551	210	270	5,031	6,641	11,672
Office	16,380	1,259	-	17,639	3,618	21,257
Board meeting	801	45	-	846	14,388	15,234
Repairs and maintenance	240	-	-	240	1,917	2,157
Bank charges	-	-	500	500	4,595	5,095
Depreciation	2,413	-	-	2,413	10,140	12,553
Printing and duplicating	1,526	-	-	1,526	227	1,753
Insurance	-	-	-	-	4,086	4,086
Dues and subscriptions	1,358	-	-	1,358	8,542	9,900
Postage	200	-	-	200	1,238	1,438
Meals and entertainment	-	480	-	480	2,640	3,120
Publications	-	-	-	-	-	-
Miscellaneous	17,009	288	5,054	22,351	2,036	24,387
Total expenses	<u>\$ 1,450,132</u>	<u>\$ 143,677</u>	<u>\$ 2,518,127</u>	<u>\$ 4,111,936</u>	<u>\$ 373,596</u>	<u>\$ 4,485,532</u>

The accompanying notes are an integral part of this financial statement

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended March 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (2,324,536)
Adjustments for non-cash items:	
Depreciation	12,553
Change in operating assets and liabilities:	
Accounts receivable	25,444
Grants receivable	(51,914)
Interest receivable	(6,303)
Prepaid expenses	(6,850)
Restricted cash	2,799,225
Accounts payable	59,239
Deposits	(10,000)
Accrued liabilities	482
Net cash provided by operating activities	497,340

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(3,971)
Redemption of certificate of deposit	-
Net cash provided by investing activities	(3,971)

CASH FLOWS FROM FINANCING ACTIVITIES

Decrease (increase) in notes receivable - temporarily restricted	75,900
Increase in due from related party	13,168
Net cash provided (used) by investing activates	89,068
Net increase in cash	582,437

CASH

Beginning of year	895,809
End of year	<u>\$ 1,478,246</u>

The accompanying notes are an integral part of this financial statement

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND OPERATIONS

The accompanying financial statements include the accounts of the Louisiana Primary Care Association, Inc. (the Association), a nonprofit corporation. The Association is exempt from federal income taxes under 501 (c) (3) of the Internal Revenue Code.

The Association promotes comprehensive, high quality primary health care to the medically underserved people in Louisiana. The Association represents Louisiana Section 330 federally funded community health centers that are an integral component of the health care delivery system dedicated to manage health care for individuals most likely to lack access to health services. The Association has assumed a leadership role in providing guidance and assistance to community health centers with all efforts directed to assure these centers remain viable providers of primary health care throughout the state. The Association accomplishes its goals by providing a myriad of support services including:

Member Services

The Association provides governmental relations and legislative advocacy, recruitment and retention, clinical improvement programs, information and public education, and technical assistance to its member organizations.

Conferences, Seminars, and Educational Programs

The Association provides educational programs and workshops to physicians, staff, and governing board members throughout the state.

Management and General

The Association provides management oversight and assistance with general and financial operations as well as technology maintenance.

BASIS OF ACCOUNTING

The financial statements of the Association have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Continued,

CASH AND CASH EQUIVALENTS

The Association considers all highly liquid investments, including certificates of deposit with an initial maturity of three months or less, to be cash equivalents.

INVESTMENT VALUATION AND INCOME RECOGNITION

Financial Accounting Standards Board's ASC 820, Fair Value Measurements (ASC 820), establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the sources of pricing information (inputs) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 - Inputs based on unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

Level 2 -Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 -Inputs that are unobservable and significant to the fair value measurement.

The Association held no investments as of March 31, 2014. Interest income is recorded on the accrual basis.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

INCOME TAXES

The Association accounts for income taxes in accordance with FASB ASC 740-10, Accounting for Uncertainty in Income Taxes. Management believes it has no material uncertain tax positions and, accordingly, has not recognized a liability for any unrecognized tax benefits. The Association's open audit periods are 2010 through 2013.

ACCOUNTS AND GRANTS RECEIVABLE

The Association uses the allowance method for doubtful accounts. Management determined that there were no balances recorded that were uncollectible as of March 31, 2014.

NET ASSETS

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's (FASB) Accounting Standard Codification (ASC) 958, Not-for-Profit Entities. Under FASB ASC 958, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of contributor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets available for general use with no restrictions.

Temporarily Restricted Net Assets

Net assets that can be expended currently, but only for a specified purpose designated by the grantor. Once expended for their restricted purpose, these temporarily restricted net assets are released to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently Restricted Net Assets

Net assets permanently restricted for future use by the grantor or the board of directors. There are no permanently restricted net assets as of March 31, 2014.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Continued

FUNCTIONAL EXPENSES

The Association allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

REVENUES

The Association receives the majority of its revenues from Federal and State agencies. The Association recognizes contract revenue on a pro-rata basis over the contract life or to the extent of expenses. Revenue recognition depends on the contract. Any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Association with the terms of the grant or contract.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - FAIR VALUE MEASURES

The carrying value of receivables, accounts payable, accrued expenses, and deferred revenue approximate fair value due to the short-term nature of these financial instruments. None of these financial instruments are held for trading purposes.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment is presented in the financial statements at cost less allowances for depreciation. Depreciation is computed using the straight-line method and is allocated over the estimated useful lives of the assets, which is generally five to seven years.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - Continued

A summary of property and equipment is as follows. The balances from the fiscal year ended March 31, 2013 are presented for comparative purposes:

	2014	2013
Furniture and fixtures	\$ 20,069	\$ 20,069
Equipment	130,136	126,165
Total	150,205	146,234
Less accumulated depreciation	(107,163)	(94,610)
Total	<u>\$ 43,042</u>	<u>\$ 51,624</u>

Depreciation expense was \$12,553 for the fiscal year ended March 31, 2014.

As discussed in Note 1, the Association receives funding under the Public Health Services Act which places various restrictions on items obtained with these funds. According to the Public Health Service grants Policy Statement, title to real and tangible property shall rest in the grantee upon acquisition, subject to the accountability requirements and the Public Health Service's right to transfer title.

NOTE 4 - COMPENSATED ABSENCES

The Association's employees had approximately \$10,638 vested in accrued vacation pay at March 31, 2014. This amount is included in accrued liabilities on the statement of financial position.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist primarily of a grant received from one organization. In January 2008, the Association entered into a Cooperative Endeavor Agreement with the Louisiana Department of Administration to act as the program financial manager for a state appropriation of \$41,500,000. The funds were allocated by the State for statewide planning, acquisition and construction of community primary health care clinics. The expanded capacity represents buildings and equipment which will allow for a broader population of patients to be served.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Continued

The program expenditures are made over multiple years.

The funding has been placed in a checking account reflecting a balance of \$815,840 at March 31, 2014 and an escrow account with a bank. Funds placed into the escrow account have been invested in an internal trust money market fund reflecting a balance of \$1,270,982 as of March 31, 2014.

Temporarily restricted net assets were as follows:

	<u>Facility Expansion Initiative</u>		<u>Other</u>	
	<u>Clinic</u>	<u>Administrative</u>	<u>Grants</u>	<u>Total</u>
Balance April 1, 2013	<u>\$ 8,696,834</u>	<u>\$ 18,523</u>	<u>\$ 121,559</u>	<u>\$ 8,836,916</u>
Grant revenues	-	-	176,883	176,883
Interest income	-	38,258	-	38,258
Expenses	<u>(2,488,471)</u>	<u>(29,656)</u>	<u>(184,981)</u>	<u>(2,703,108)</u>
Balance March 31, 2014	<u>\$ 6,208,363</u>	<u>\$ 27,125</u>	<u>\$ 113,461</u>	<u>\$ 6,348,949</u>

NOTE 6 - CONCENTRATIONS

Financial instruments, which potentially subject the Association to concentrations of credit risk, consist principally of cash accounts and certificates of deposit. Cash accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000. Amounts in excess of insured limits at March 31, 2014 were \$1,844,568. The Association does not believe that it is exposed to any significant credit risk on uninsured amounts.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - RETIREMENT PLAN

The Association sponsors a 403(b) tax-sheltered annuity plan, which covers substantially all full-time employees. Eligible employees are allowed to contribute, on a tax-deferred basis, a portion of their compensation, up to federally designated limits. To participate in the plan, eligible employees must make a mandatory contribution of at least 1% of their gross salary. The Association matches this 1% and contributes an additional 3% of the participating employee's gross salary to the plan. Additional contributions may be made at the discretion of the Board of Directors. Employees are vested in the plan at 25% after one year, 50% after two years, 75% after three years and 100% after four years. The Association's contribution to the plan for the years ended March 31, 2014 was \$16,900.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Grants

The Association receives grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of the Association management that its compliance with the terms of grants will result in negligible, if any, disallowed costs.

Leases

As of March 31, 2014 there are no future obligations under the Association's occupancy lease. The Association will continue to occupy the facility on a month to month basis. Total rental expense for the years ended March 31, 2014 was \$41,000.

The Association also leases office equipment under operating leases at \$309 per month for lease periods of five years. Future annual lease payments of \$3,708 are anticipated by the terms of the lease through March 2015.

NOTE 9 - RELATED PARTIES

Eight of the Association's board members also serve as managers of Louisiana Partnership for Choice and Access, LLC, an entity with nineteen members, each of which is a federally qualified health center in the State of Louisiana. As of March 31, 2013, the Association had a receivable of \$13,168 from this related party for management fees. There was no related party receivable as of March 31, 2014.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - GRANT REVENUES

During the year ended March 31, 2014, the Association received unrestricted grant revenues from organizations to support the Association's goal of providing premium quality primary health care. A schedule of these grant revenues are presented as follows:

U.S. Department of Health and Hospitals	
Technical and Non-financial Assistance to Health Centers	\$ 670,522
 Affordable Care Act (ACA) - New and Expanded Services under the Health Center Program	 548,418
 Health Information Technology Regional Extension Center	 57,614
 National Association of Community Health Centers	 51,018
 Workforce Recruitment and Retention	 <u>29,897</u>
 Total federal support	 <u>1,357,469</u>
 Louisiana department of Health and Hospitals	
Louisiana Primary Health Institute Grant	48,089
 Men's' Health Week	 12,000
 H1N1 Vaccine Program	 6,000
 Louisiana Public Health Institute	
Tabacco Free Living Program	<u>514</u>
 Total state support	 <u>66,603</u>
 Private Grants	 <u>15,028</u>
 Total grant support	 <u>\$1,439,100</u>

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 11 - NOTES RECEIVABLE

Four of the Association's Federally Qualified Health Centers (FQHC) participating under the Cooperative Endeavor Agreement (CEA) with the Louisiana Division of Administration took out advances (loans) of their allocated project funds for pre-construction costs. Under the CEA, FQHCs can borrow up to five percent of the total project costs or up to ten percent, if collateral is provided, with approval of the Association's Board of Directors. The loans are executed under a Master Promissory Note with a fixed interest rate and a maturity date of the earlier of the effective date of the project agreement, the first anniversary of the note, or an event of default. Interest is accrued and due at the maturity date. Since the funds disbursed for the loans are temporarily restricted net assets, the notes created are temporarily restricted and will be released from restrictions after the terms are satisfied. At March 31, 2014 the Association had notes outstanding of \$125,000.

Two of the Association's FQHC participating under the CEA retained a New Market Tax Credit (NMTC) investor to fund their project. Under the scope of the NMTC, the Association's funding for the projects are made through loans to the FQHC in the total amount of their allocated state contributions. The loans accrue interest at one percent per annum and are payable on an annual basis to the Association. Under the structure of the NMTC, at any time after the seventh anniversary of the NMTC closing date, the Association has the option to put to the FQHC the outstanding balances of the loan in exchange for a one-time payment of \$1,000. At March 31, 2014 the Association had executed two notes under the NMTC guidelines in the amount of \$3,809,167. The notes are temporarily restricted until released from restrictions after the terms are satisfied.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 12 - SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through September 30, 2014, the date the financial statements were available to be issued.

LOUISIANA PRIMARY CARE ASSOCIATION, INC

Baton Rouge, Louisiana

Schedule of Expenditures of Federal Awards

For the year ended March 31, 2014

<u>Grantor/State Pass-through/ Program name Location of Project</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Department of Health and Human Services		
Technical and Non-Financial Assistance to Health Centers	93.129	\$ 670,522
Affordable Care Act (ACA) - New and Expanded Services	93.527	548,418
Bureau of Primary Care and Rural Health/State Office of Rural Health/Workforce Recruitment and Retention	93.913	29,897
ARRA- Health Information Technology Regional Extension Centers Program	93.414	57,614
Corporation for National and Community Service		
AmeriCorps - National Association of Community Health Centers	94.006	<u>51,018</u>
Total Federal Assistance		<u>\$ 1,357,469</u>

The accompanying note is an integral part of this financial statement

LOUISIANA PRIMARY CARE ASSOCIATION, INC.

Baton Rouge, Louisiana

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activities of the Louisiana Primary Care Association, Inc. (LPCA) under programs of the federal government for the year ended March 31, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Summary of Significant Accounting Policies.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Accordingly, the expenditures are recognized when incurred rather than when paid.



LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Louisiana Primary Care Association, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Primary Care Association, Inc. (the Association), which comprise the statement of financial position as of March 31, 2014, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

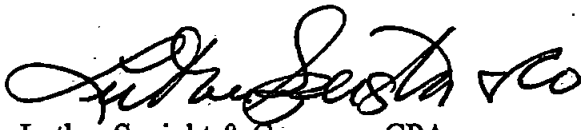
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Luther Speight & Co", is written over the printed name.

Luther Speight & Company CPAs

Baton Rouge, Louisiana
September 23, 2014



LUTHER SPEIGHT & COMPANY, LLC

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
Louisiana Primary Care Association, Inc.

Report on Compliance for Each Major Federal Program

We have audited Louisiana Primary Care Association, Inc.'s (the Association) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Association's major federal programs for the year ended March 31, 2014. Louisiana Primary Care Association, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Association's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Continued,

Opinion on Each Major Federal Program

In our opinion, the Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2014.

Other Matters

The results of our auditing procedures did not disclose instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Continued,

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Luther Speight & Co". The signature is fluid and cursive, with the letters "L", "S", and "C" being particularly prominent.

Luther Speight & Company CPAs

Baton Rouge, Louisiana

September 23, 2014

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
Baton Rouge, Louisiana

Schedule of Findings and Questioned Costs
Fiscal Year Ended March 31, 2014

Section I – Summary of Auditor’s Results

Financial Statements

An unqualified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weakness(es) identified? ☐ yes ☒ no
Significant deficiency(s) identified
not considered to be material weaknesses? ☐ yes ☒ no

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no
Significant deficiency(s) identified
not considered to be material weaknesses? ☐ yes ☒ no

Any audit findings disclosed that are required to be
Reported in accordance with Circular
A-133, Section 510(a)? ☐ yes ☒ no

Was a management letter issued? ☐ yes ☒ no

The major programs for the year ended March 31, 2014 were as follows:

1. Technical and Non-Financial Assistance to Health Centers – CFDA 93.129
2. Affordable Care Act (ACA) – New and Expanded Services – CFDA 93.527

Dollar threshold used to distinguish between Type A and B programs - \$300,000

Is the auditee a “low –risk” auditee as defined by OMB Circular A-133? ☒ yes ☐ no

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
Baton Rouge, Louisiana

Schedule of Findings and Questioned Costs
Fiscal Year Ended March 31, 2014

There were no findings or questioned costs identified as a result of our audit of the fiscal year ended March 31, 2014.

LOUISIANA PRIMARY CARE ASSOCIATION, INC.
Baton Rouge, Louisiana

Schedule of Prior Year Findings and Questioned Costs
Fiscal Year Ended March 31, 2013

There were no findings reporting in the prior year's audit.